

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1732 – SB 2696

March 27, 2018

SUMMARY OF ORIGINAL BILL: Authorizes the Department of Transportation (TDOT) to transfer its interest in right-of-way property initially appraised by TDOT at \$10,000 or less to a legal governmental entity at the appraised value without further appraisal or approval.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015920): Deletes and replaces all language after the enacting clause such that the only substantive change establishes if the property owner relinquishes the owner's right or the right has expired, the property may be conveyed to a legal governmental body or to an adjoining property owner.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – To the extent property is conveyed to a governmental body, there could be an increase to state revenue or a permissive increase in local revenue. The extent and timing of any impacts, if any, are dependent upon multiple unknown factors and cannot reasonably be determined.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 12-2-112(a)(8)(C)(ii), if TDOT's preliminary planning estimate of the fair market value of the property is \$10,000 or less, the property is required to be appraised by an appraiser on staff with TDOT at no cost to the prospective purchaser.
- Pursuant to Tenn. Code Ann. § 12-2-112(9), if property acquired by TDOT for a right-of-way through the exercise of eminent domain or otherwise is determined by the Commissioner of TDOT to be no longer needed by TDOT, and the excess property is not transferred to another state agency or conveyed to some other legal governmental body as provided in this section, and the excess property is not disposed of, the excess property shall be disposed of by the Department of General Services.

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- Based on the information provided by TDOT, authorizing TDOT to transfer its interest in right-of-way property that is initially appraised by TDOT at \$10,000 or less to a legal governmental entity at the appraised value without further appraisal or approval will not have any significant impact on TDOT or its operations.
- Proceeds resulting from right-of-way property transfers accrue to TDOT under current law; they will continue to do so under the provisions of this legislation.
- There is no requirement for a legal governmental body to receive a property after the property owner has relinquished its owner's rights or if the right has expired. Any increase in state or local revenue resulting from a legal governmental entity conveying such properties is permissive and the precise impact, if any, cannot be reasonably estimated.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp